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The Province of Alberta

IN THE MATTER OF "THE NATURAL GAS UTILITIES ACT"

—and—

IN THE MATTER OF an Enquiry into Scheme to be adopted for Gathering, Processing and Transmission of Natural Gas in Turner Valley

---

G. M. BLACKSTOCK, Esq., K.C., *Chairman*

Dr. E. H. BOOMER, F.C.I.C., *Commissioner*

Session:

CALGARY, Alberta March 5th, 1946

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I N D E X

VOLUME 71

March 5th, 1946

W I T N E S S E S

	Page
STANLEY J. DAVIES (Continued)	
Cross Examination by Mr. Chambers	5817
Cross Examination by Mr. Blanchard	5838
Cross Examination by Mr. McDonald	5846
Cross Examination by Mr. Chambers	5850
Examined by The Chairman	5851
Discussion	5855

: : : : : :

STANLEY J. DAVIES, having been recalled, cross-examination by Mr. Chambers continued:-

Q Mr. Davies, when we rested yesterday.....

A Mr. Chambers, may I correct an answer I made late yesterday afternoon?

Q Yes?

A On Page 5812, in Volume 70, Mr. Chambers asked me this question:

" Do you, as an engineer who has closely kept in touch with the situation, give it as your sworn opinion to this Board, that the present retail gas load in Calgary is on the verge of, whether it is likely to be appreciably decreased by any increase in the retail price of gas".

Q MR. CHAMBERS: That word "whether" should be "where", "where it is likely".

MR. FENERTY: Well the meaning is there.

Q MR. CHAMBERS: Oh yes.

A My answer to that question is "Yes" with this explanation:

"The Gas Company is losing both industrial and commercial consumption at this time due to the end of the war , and in this territory at this time coal is competitive with new coal-burning appliances and any increase in commercial or industrial rates will cause some of the present consumers of the Gas Company to go to coal, because it is cheaper to burn coal.

There is another point, sir, with regard to the subsidy. I said yesterday I did not know. I then made inquiries or I inquired from the Western Canada Bituminous Operators' Association and there is no subsidy on coal in this area.

There is such a thing as "subventions" to various parts of Western Canada. Two mines from Drumheller, one gets 35 cents a ton shipping into B.C., and one gets 65 cents a ton shipping into another area of B.C., and the coal from the Crow's Nest, the steam coal, gets as high as $2.50 a ton going into areas East of Winnipeg, but there is no subvention on coal coming into Calgary, and those subventions are under notice, the Drumheller ones cease at the end of this month and there is no intention on the Coal, on the Western Canada Bituminous Coal Operators' part, of increasing the prices.

Q So the answer to that question on Pages 5812 and 5813, the opinion there expressed, you now retract, is that right?

A Well perhaps it would be better to retract it altogether, and give you the answer I gave you now. I thought yesterday I was giving you this answer that I gave you today, but I did not give it clear enough.

Q You did not appreciate what you were saying, is that right?

A Well I will retract it and I will start all over again this morning to be definite and clear.

Q Now is it not a fact, Mr. Davies, that arrangements have been made whereby there are certain new industries proposing to locate here in Calgary?

A That is right.

Q And those new industries will use a certain amount, a considerable amount of coal or gas?

A That is right.

Q In their businesses, is that not right?

A That is right.

Q And is it not a fact that at least one of those industries is coming here because of the gas being available?

A That is right. I understand there is, you are referring to

the brick yard, do you?

Q I am not just sure of the name of it. I had in mind another one I think, a chemical company, the Mid-West Chemical, is it?

A Well.....

Q A chemical company, they manufacture soap and laundry supplies, the Mid-West Chemical Company?

A I have no knowledge of that. I have heard a brick yard is coming to Calgary, it is hoped to bring it into Calgary. It is not here yet, to burn gas.

Q And you will agree with me that the fact that the gas hearing is on has received fairly wide publicity, has it not?

A Probably too much.

Q Yes. Well, let us go back now to Exhibit 134,

A Should I not complete that answer?

Q I thought you had?

A When I say that the amount that we are losing is very substantial, I can give, I will give you an example, of the Calgary Rolling Mills, and if you will bear with me one minute I can give you the exact figures of quantity and the amount of money, and it takes a very large amount of industry to make up that one loss, Then it gives you a more balanced picture of that whole thing. May I have one minute, sir?

I have not got the figures for the year 1945, but these are for the year 1943:

Calgary Roling Mills used 386,510 M.C.F., and the cash revenue to the Gas Company was $59,416.00, that is one industry alone. There is a very substantial loss. That is now actual.

Q But the Gas Company now has, as part of its market, the Imperial Oil Refinery, has it not?

A Well the Gas Company has a carrying charge.....

Q But now the Imperial Oil Refinery is a direct customer of the Gas Company?

A That is right.

Q You are not suggesting, Mr.Davies, that this Rolling Mill you talk about is leaving here on account of the gas situation?

A Oh no, did not I make that clear?

Q I thought you did not?

A In my answer before.

Q Now, Mr. Davies, I think we were talking about Exhibit 134 yesterday, which was the historical schedule of the gas rates?

A Yes.

Q In Calgary?

A That is right.

Q And I think we were then at the point where, following 1939, the domestic rate commenced at 27 cents and the commercial at 28, was that not it?

A Yes, I think that is the 12th of December.

Q 1939?

A Yes, and payable on the first bills in 1940.

Q Yes, and prior to that there was one commencing at 33 cents and going down successively to 15 cents, based on the consumption?

A That is right, sir.

Q Now I am referring to Volume 64, Page 5126, where Mr. Brownie of the Gas Company gave us the actual consumption of the Gas Company's market for the years 1926 to 1944.

Now at the beginning of 1944, Mr. Davies, the general rates were reduced 2 cents, were they not?

A That is right.

Q And that is where they are at the moment except for the new

Number 6 rate?

A That is right.

Q Now I notice, Mr. Davies, on this page 5126, that the 1943 consumption, which would be under the old rate, that would be the 2 cents higher, was 10,828,386 M.C.F., and in 1944, the new rate having come in in January 1944, as I understand it, the consumption was 10,899,081 M.C.F.

Now I suggest to you that, to me as a layman at least, that that 2 cents reduction would indicate that the rate prior to 1944 was not, so far as the domestic is concerned, so high as to cause any great concern one way or the other to the domestic consumer, and that so far as the commercial and the industrial consumer is concerned, it would indicate to me that the rate in force prior to 1944 was not in very close competition with coal, now what do you say as to that?

A Mr. Chambers, are you referring to domestic or just the whole block?

Q Well, I will deal with it in two parts.

A I do not think you did, did you?

Q I said "So far as the domestic consumer is concerned", and then I said "commercial and industrial".

A You are dealing with domestic first?

Q You can deal with domestic first, and then with commercial and industrial?

A Well as I mentioned to you yesterday, so far as the consumers were concerned, the drop in price and the drop in heating units about balanced each other off, so I would not expect any great change in volume of sales or anything else, between 1933 and 1934.

Q 1944 you mean?

A 1943 and 1944, I am sorry, because that change just balances off.

Now the question, is it the question, or do I understand it, with that or these prices, 25 cents and a dollar and a half minimum, is coal competitive with those prices in the domestic field, is that the question?

Q No. I said so far as the domestic is concerned, it occurs to me that the old price was not so high as to cause any great concern one way or the other to the domestic consumer, aside altogether from competition.

A That is if the prices be put back up?

Q Yes?

A To the old price, what would happen, is that it?

Q That is in effect it.

A In my judgment what would happen is that there would be less gas sold at the higher price.

Perhaps I should illustrate that. In Turner Valley we are selling at the higher price and we take the average consumption at the higher price as compared to the average consumption at the lower price, and the same size of house in Calgary, and our people burn less gas. The price is related, - quantity, the quantity you sell is related to the price. That is the only difference.

Q Yes, but, Mr. Davies, I may be dense on this thing, but I am looking at it as a layman, in 1943 the Gas Company, under a certain set of rates, sells 10,828,386 M.C.F.?

A All right, sir.

Q And in the next year, 1944, with the rate over the large part of it being 2 cents less per M.C.F., they sell 10,899,081 M.C.F.?

A Yes.

Q Now what I am putting to you is this, - we can theorize all we like, but that is something which happened, and I interpret it in a certain way. Now tell me where I am wrong, where my conclusion is wrong?

A Well, Mr. Chambers, you gave me the lump sum of consumption. I would have to divide that up into domestic, commercial and industrial, and in dividing them all up into the three parts and taking, relating it back to the average temperature, you see one year can be a little colder than another, and it will make 10% difference in those figures. Getting it all back on to some basic year, and then I can go back, - you say "theorizing", what I am suggesting to you, my answer to you is not theorizing at all, it is a matter of record and of facts which I covered yesterday, that if, in the year 1939, the Gas Company had a price of 33 cents,, and it sold in Calgary so many, 3.7, I think, billion feet, and when the price in 1944 went down to 25 cents, the sales were 4.5 billion, now it is not theory at all, that is just facts.

Now take your question, and I will be glad to take your question and divide it all up by periods, it will take about ten minutes. I do not know how much of that belongs to the commercial and industrial, and how much belongs to the domestic consumer, but I will split it all up or, if you let me take the figures in 1944 already given by Mr. Brownie, I can then prepare a statement showing it against the figures in 1943.

I am trying to answer your question, Mr, Chambers.

Q Now I think you told us you used gas in your own house?

A Yes.

Q How long have you used gas in Calgary?

A I would think that the gas, it would be 1928 or thereabouts.

Q Now just why do you use gas instead of coal in your own house?

A I do not think there is any doubt in my own house gas is cheaper than coal.

Q Aside altogether from the question of convenience?

A With the equipment which was in my house when I bought it in 1930, I was just not going to shovel coal into that furnace, and I put in a new gas-fired boiler.

(Go tcpage 5825).

A Now if it was in the year 1946 or still more, the year 1950, with all that modern coal equipment I still think that I would put in a gas installation at these prices. May I finish my answer, Mr. Chambers ?

Q MR. CHAMBERS: Yes.

A But if gas prices are going to be 40 cents I will change to coal.

Q Well if gas was 35 cents and you were building a new house tomorrow in Calgary the size of your house, would you put in gas or coal ?

A I would go into it very carefully and the answer is I would probably put in gas, but what I would do I would have my gas consumption very much less than I have in my present house. I would put in a more efficient system.

Q Is it not a fact that the houses built within the last ten or fifteen years have a better gas installation than yours ?

A No. That is just the point. I have one of the latest modified gas burning appliances you can get. If you are going to put in the proper system now I thought that was the point of the evidence I was trying to get at yesterday, that the burning equipment for gas in the City of Calgary is not efficient.

Q Well, Mr. Davies, I am not giving evidence but I happen to know your house. I drive by it and you mentioned the amount of the gas bill yesterday.

A You think it is too high ?

Q It struck me it was too high. There must be something wrong with your gas system.

A It is not efficient, Mr. Chambers.

Q You should see your Gas Company about it. I will leave it. Would you turn to your Exhibit 154, that deals with these coal

prices as given yesterday. On what do you base your crushing cost ?

A Cost of ?

Q Crushing.

A The 50 cents a ton. I got that from a firm that is crushing. That is their estimate.

Q In Calgary ?

A It is in this territory, yes.

Q Have you made any allowance for loss of fines in such crushing ?

A No.

Q There is some loss is there not ?

A Very small.

Q Now Mr. Davies some time ago we were told of several new, and some of them very promising devices for the utilization of coal as fuel and as I recall it there was the anthra-tube you mentioned yesterday and the down draft furnace and new automatic types of stokers ?

A That is right.

Q Do you know of any installation of those units in Calgary at the present time ?

A No.

Q Do you know of any person who has made arrangements to install one in his house ?

A I know a very excellent scheme being undertaken.

Q Will you just listen to my question. Do you know of any person who has made arrangements to install one in his house ?

A Well put it the other way. I know of someone who is making arrangements to install one in houses. That is the other way around.

Q You have not seriously considered putting one in yours yet ?

A I have quite seriously thought of changing the one I have at 1712 - 25th Street West, perhaps in conjunction with the coal people and see what happens.

Q Mr. Davies, since this Hearing started we have heard this term, "sour gas" used with respect to Turner Valley gas. Now I do not recall it has been defined for the purposes of the record. Now would you please tell us what you understand to be this term, "sour gas" as applied to Turner Valley gas ?

A Natural gas contains sulphur compound, amongst them being hydrogen sulphur.

Q There are more contents than hydrogen sulphide ?

A That is right.

Q And some of these other compounds are referred to as mercaptans. Is that not right ?

A Now I would just as soon not answer that question and say I do not know because I am not certain that the mercaptan you get out of the absorption plant are in the same exact....

Q No, that would....

A Mercaptans are a result of what you get out of the gas. There may be mercaptan in the gas itself, but I do not know.

Q Well as I understand it a mercaptan is a compound containing sulphur, hydrogen and carbon. Is that right ?

A That will be right.

Q And there are a series of these mercaptans?

A That is right, sir.

Q And is it not so that the gas produced at a well as coming from the separator contains mercaptan ?

A Contains those compounds, whether you call them mercaptan or not, contains the compounds of carbon, hydrogen and sulphur.

Q All right, we will leave that. I would like to discuss with

you briefly, Exhibit 149, which is the Order of the Public Utilities Commission made in October 1939. Now as I understand it you were the technical adviser to the City in the negotiations and the agreement which led up to that Order. Is that right ?

A That is right, sir.

Q And I notice that the Order contains this, and I am referring first of all to the second recital:

"And whereas negotiations have recently taken place between the Officials of the City and the Company with respect to a reduction in the rates charged by the Company for natural gas."

I take it you sat in on those negotiations ?

A Yes sir.

Q And then it goes on:

"And the City and the Company have reached an agreement with respect to the rates".

A Rate of earnings, that is the only thing I can take any pride in. Ken Morrison and I got $210,000.00 out of the Gas Company.

Q Now I will look at the second recital on Page 2:

"And whereas, subject to the approval of this Board, the City and the Company have reached an agreement with respect to the said rates".

And as the result of the negotiations the party decided to make an application to the Board. It was a joint application was it not ?

A Yes sir. Where do you read that ?

Q On the second page, the second recital.

A Yes, very well, I have got it.

Q Then look at the next recital:

"And whereas it has been agreed between the Company and the City that the said rate shall be such as would have yielded to the Company as near as may be calculated from the sale of gas in the year 1938 a gross revenue of $1,898,925.23, being the Company's actual gross revenue for the year 1938, less the sum of $210,991.69".

Then the next paragraph:

"And whereas subject to the approval of this Board, the Company and the City have agreed that the scheme of amortization set up by this Board in the said Order No. 6327 should be altered and an amortization and depreciation reserve be now created on a straight line basis".

As I understand it the Order 6327 was the 1926 Order ?

A The 1931 I believe so.

Q Anyway it is following a previous scheme of amortization set up by the Board ?

A Oh you are right. It was originally set up in 1926.

Q Then we come to the main part of the Order and Clause 2 says that the new rates which are set forth in the schedule to the Order are approved for the year 1940:

"And thereafter until a new scheme of rates is agreed upon between the City and the Company and is approved by this Board, or until a further Order" of the Board.

And then the next Clause 4. And as I take it that Clause 4 in effect says this, that as from January 1st, 1940 the Company's amortization reserve at the end of 1939 would be about $3,500,000.00 ?

A That is right.

Q Then to which $122,000.00 was to be credited annually for 30 years. That was to take care of the future amortization ?

A Annual payments on a straight line basis.

Q And then there was to be 3% annually of the cost of any new additions after 1939. Do you recall that ?

A That is right.

Q Now what I am getting at, Mr. Davies, and I am asking you this, is it not true that the rates then agreed upon in October 1939 between the City and the Gas Company were estimated and predicated on this. A new rate base of $5,000,000.00 roughly at that time which was $9,000,000.00 less the $4,000,000.00 roughly in the amortization reserve, which left your $5,000,000.00. Do you recall that ?

A I do not think it was as high. I think it is four and a half million dollars. I do not think it is $5,000,000.00.

Q Well it was somewhere around four and a half million ?

A Yes.

Q I won't quarrel with you on a half million. Then there was a thirty year depreciation period set up for amortization of 90% of the rate base that remained undepreciated. Is that right ?

A Yes, that is the 10% salvage.

(Go to Page 5831)

Q And there was an amortization reserve held by the Gas Company of around four million dollars, do you recall that?

A Three and a half million dollars reserve for amortization is mentioned in this Order.

Q Yes, but that is back in 1938, wasn't it? No, three and a half million, you are right, and was not this situation discussed that as a horseback figure for the return to the Gas Company the city agreed that its earnings should amount to about 7% net, on the part of the rate base which remained undepreciated and half that amount or three and a half per cent on the amortized part.

MR. STEER: Mr.Chairman, I am going to submit to you that this line of cross-examination has nothing whatever to do with any question that is before this Board, and I take the formal objection that it should not be continued.

THE CHAIRMAN: I am inclined to agree, Mr. Chambers, that we are stepping into a field where I have no jurisdiction, unless you can show me that it is pertinent to the Inquiry.

MR. CHAMBERS: I do submit, sir, that the rate of return of a gas company operating in this area, in the gas business, has some relevancy with respect to the rate of return that this Board is going to fix in this Hearing.

THE CHAIRMAN: Am I not obliged to fix the rate of return on the evidence that is before me in this case, and not on what some other company is getting?

MR. CHAMBERS: I think that the question of the relevancy of the evidence I submit is as the Supreme Court of Canada said in a gas case in this Province, that what other people are earning has some relation to what rate of return should be fixed.

THE CHAIRMAN: But, Mr. Chambers, are you entitled

to go any further than to ask what is the rate of return to the Gas Company? I think you can ask that.

MR. CHAMBERS: With deference, I want to make my position clear. I am pressing these questions but I bow to your ruling of course. I do submit the question I have asked and that I proposed to follow in connection with this matter are relevant.

THE CHAIRMAN: I may have different ideas about rate base and amortization than the previous incumbent of this office held.

MR. CHAMBERS: I do submit, Sir, when two parties dealing at arm's length do in fact agree that it should be a fair rate of return and has some relevancy to this question.

MR. FENERTY: That gives you 2 cents at the well for your gas.

THE CHAIRMAN: I just say this, that they will never do it again as long as I am Chairman of the Board.

MR. CHAMBERS: Then I take it on my learned friend's objection the witness does not have to answer my question.

THE CHAIRMAN: He can answer what is the rate of return.

MR. STEER: If he knows.

THE CHAIRMAN: When they negotiated this agreement,

A 8½%.

Q MR. CHAMBERS: And you say, Mr.Davies, that there was no talk of 7% on the part that was undepreciated and 3½% on the amortized?

A That was turned down cold by the City.

Q Now, Mr. Davies, you were present I think when Mr. Ralph Davis gave his views and opinion as to the necessity for the continued operation of the absorption plant, so as to render

Turner Valley sour gas fit for the market in conjunction with the scrubbing plant. You were here at that time?

A I was here, yes.

Q Now, Mr. Davies, as technical adviser to this City on natural gas matters, would you recommend that Turner Valley wet gas, after passing through the scrubbing plant, is suitable for domestic fuel purposes?

A Yes.

Q I think you have already told us that you have been interested not only in a gas distribution system in Turner Valley, but in the production of oil and gas?

A That is right.

Q Can you tell me, Mr. Davies, what is the present day gasoline content of Turner Valley wet gas? Just fairly average figures?

A In the gas cap wells the highest one I know is about a gallon in a thousand and it goes down in crude wells, in your crude wells to about .16 gallons per thousand.

Q In the questions that I now propose to put to you I am asking you to disregard the matter of the possibility of condensation in the gas distribution lines - I am leaving that aside for the moment - and I refer you to a question that I just put to you a short time ago when you told me that sour gas was gas that contained hydrogen sulphide and other sulphur compounds?

A Yes sir.

Q You are not prepared to say, as I understand it, whether some of those compounds are what we call, or what engineers call mercaptans?

A Mercaptans is a term generally applied in the gaseous form coming from the well. I am not sure that they are exactly

the same as they might be in the liquid form after they have been through the plant. They may be. I am not sufficiently expert to say they are.

Q There are other sulphur compounds other than hydrogen sulphide and they may or may not be mercaptans?

A That is right.

Q Will you assume with me for a moment that they are mercaptans and any answer you give me is based on that assumption?

A All right.

Q If the assumption is not so.....

A I will be glad to.

Q Will the Seaboard scrubbing process remove mercaptans from natural gas?

MR. BLANCHARD; What is that expression?

MR. CHAMBERS: Mercaptans?

A I do not think that I know but my impression is that it will not.

Q My information is the same. Now will the Girbotol process remove mercaptans from natural gas?

A Again I am not certain whether it will or whether it will not. Now, Mr. Chambers, right here you are getting into the question of phase operation, and while it looks a simple thing to answer, it may be possible that the Girbotol process will remove mercaptans were they in the gaseous phase and were they as a liquid it is possible it might not.

Q Mr. Davies, I will tell you what I am getting at in fairness to you and also myself. Just a moment ago you told me and the Board and the rest of us, without qualifying your answer in any way, that you were prepared to recommend to the City that it would be all right to have gas, Turner Valley wet gas for distribution for fuel purposes in Calgary, by merely

putting it through the scrubbing plant. Now frankly, I am trying to find out from you how much study you have given to this thing and whether you have explored the angle I am now exploring?

A Mr. Chambers, in the year 1925.....

Q No, I am just asking you if you have explored the present-day situation?

A The present-day situation is not the slightest bit different to the year 1931.

Q All right?

A When there was no absorption plant and mercaptans and all, and there was only the Seaboard scrubbing plant and gas came to the city. There was no Girbotol scrubbing plant and there was only the Seaboard scrubbing plant and gas came into the city from the year 1925 to the year 1933.

Q THE CHAIRMAN: That is wet gas?

A Wet gas, and I think you will find, Sir, in the record of the Hearing before the Board, the Public Utility Board, or the Board of Public Utility Commissioners, that evidence was given where as high as 70 barrels a day of liquid was being taken out of the Gas Company drips in the year 1931.

Q MR. CHAMBERS: You will remember I asked you to disregard that. I am not basing my question on the suitability of the gas?

A That is why the question is not quite fair, Mr. Chambers.

Q About the drips. I am asking you to leave that aside for the moment. As I understand you to say that if there are mercaptans there today, they must have been there in 1933, is that right?

A I am not saying that.

Q You cannot tell me whether or not the Girbotol process would remove mercaptans, assuming they are inthe wet gas?

A No.

Q Do you know of any commercially used gas scrubbing process which will remove mercaptans sufficiently to make the gas suitable for the market?

A I think that is another.....

Q You either know or you do not, surely?

A Because perhaps the gas could be suitable for the market with mercaptans in it. That is one of those tricky questions and I answer it that way.

Q Assume this first of all, that there are sufficient mercaptans in the wet gas that in order to make it suitable for the market those mercaptans must be removed?

A I am making that as an assumption?

Q Yes, pure and simple?

A All right.

Q Do you know of any commercially used gas scrubbing process which will remove those mercaptans?

A No. I have not investigated it.

(Go to page 5837).

Q And you say, as I understand it, that if the absorption plants were shut down, there are not, in the Turner Valley wet gas, sufficient mercaptans to render it unsuitable for domestic fuel consumption ?

A I will answer it in a slightly different way and say that, and I think I am entitled to give a full answer.

Q Certainly, certainly.

A The big bulk of the reserves of the Turner Valley are from the gas cap areas and the gas up to 1933 was from a widely spread area of the gas cap. If there were mercaptans in the gas-cap gas which would prohibit its use for the year 1950 it was also present in the year 1931 and the year 1932, from 1925 to 1933.

Q Is it not a fact that the mercaptans, if any, that were in the gas back in 1930, would be condensed out in the separator ?

A Not necessarily, no.

Q Do you say that ?

A There again you go into the question of gaseous phases and liquid phases again. There are two phases, one is liquid and one is gas and it is not well to just get the two phases mixed. If we are going to take gas from Turner Valley in 1950, we will say, or 1955, into Calgary, you would get condensation of that gasoline, including the mercaptans, either in the gathering lines in Turner Valley or in the lines from Turner Valley to Calgary as they did in the year 1931 when they were taking out 70 barrels a day.

Q So your reasons for saying that it is a matter of indifference to the City of Calgary whether the absorption plants operate or not is based on the fact that back prior to 1933 we did it and we can do it again ?

A That is right.

MR. CHAMBERS: That is all, Mr. Davies.

THE CHAIRMAN: Mr. Harvie ?

MR. HARVIE: I have no questions.

THE CHAIRMAN: Mr. Blanchard ?

MR. BLANCHARD: Just a few questions.

CROSS-EXAMINATION BY MR. BLANCHARD:

Q Your figures in Exhibit 154, Mr. Davies, on Page 2, that is the Drumheller stoker coal and, - well we will take the first figure of Drumheller stoker coal and you say that it could be used for large commercial concerns, ?

A Yes.

Q Large commercial concern customers and small industrial ?

A That is right.

Q Now these large commercial concerns are blocks and office buildings and large stores ?

A That is so.

Q And apartment blocks and so on ?

A That is right.

Q Is that right ?

A Commercial, not apartment blocks necessarily. It is possible that a large apartment block, but more in the way of large buildings, office buildings and the like of that.

Q Yes, and the stoker coal is suitable you think for that type ?

A It is made for that type of customer.

Q And your equivalent cost basis there, is on a carload lot basis?

A That is right.

Q And an office building or a large block would have to store this coal by carload lots ?

A Well this City is operated, these buildings are operated by

firms in nearly all cases, not all of them but nearly all. For instance Toole, Peet & Company have, we will say twenty blocks and they buy a car load of coal by carload lots and they send so much to four buildings. I have gone into this question with them as to how it can be done and what the cost would be, otherwise I could not give this opinion which I am giving.

Q But the persons who are operating individual blocks would not be able to do it so cheaply ?

A That is right.

Q That is correct ?

A That is correct.

Q And what proportion of the commercial customers in Calgary are operated in units, such as you suggest ?

A A good portion in Calgary are managed by the firms like Toole, Peet, Mapson & Durrell, those are the two principal firms. George Robinson operates quite a few.

Q Then your figure, and I am just taking your stoker coal now, that contemplates delivery in carload lots but not the cost of storage ?

A Of storage.

Q And no cost of drayage ?

A Yes.

Q Is there the cost of drayage ?

A The drayage is in the $4.00.

Q Oh I see. Now turning back to Page 1 of Exhibit 154.

A Stoker coal, 55 cents for cost of delivery.

Q I see, 55 cents a ton ?

A Yes.

Q Now I see in that computation, you show the present cost of

gas is 26 cents ?

A That is commercial.

Q Large commercial ?

A It has to be very large, any building, that is the question I took up yesterday in my answer.

Q Never mind yesterday, let us get on to today.

A Well it is peak load for instance.

Q Beg pardon ?

A It is peak load and if it does not get into industrial, small industrial, it is commercial.

Q I am looking at Exhibit 138, yes, Exhibit 138, M.c.f. sales and average rates from 1921 to 1944 and I find that the average commercial rate in 1944 is 22.72 cents. You give the average here I take it at 26 cents.

A Oh, you are dealing now, Mr. Blanchard, with rates where it is on a sliding scale up until the year 1939.

Q I am dealing - -

A We are now in the year 1945-46.

Q All right, and what is the average commercial rate today, I find that in 1944 the figures submitted by the Gas Company is 22.72 cents and not 26 cents.

A I will tell you this, if you look on the schedule you will find that the commercial rate is 26 cents.

Q Yes.

A And it goes down from 26 cents depending upon the quantity of gas used.

Q Yes ?

A Down to I think 17 cents.

Q All right. Now you show "present cost of gas 26 cents" and then you compare what your equivalent costs are for large

commercial concerns ?

A Or small industrial.

Q All right, and I suggest to you that the large concern will be under 22 cents ?

A They could be.

Q That is correct is it not ?

A That could be yes, and all the small ones will be 26 cents.

Q All right, and we will get the average in 1944, 22.72 cents, counting the small ones ?

A Counting the large and small and that is where you get into difficulty, using averages.

Q So it would be fair on Page 2, at the top of Page 2, for you to say that the present cost of gas for large commercial concerns is considerably less than 22 cents, instead of 26 cents, that is right, is it not ?

A Well I will say this, that some commercial users, large in number but relatively small in quantity, buy gas at 26 cents.

Q All right. We will not bother with it any more.

Now is it your opinion that coal is cheaper today delivered in Calgary than it was say, than it was year by year for the last ten years ?

A No.

Q You think it is more expensive ?

A I think it is, yes.

Q You think it is ?

A Yes.

Q Now then going again to Exhibit 138 I find that the commercial rate, you start with, in 1934 was 33.73 cents, average; 1935 30.98; 1936 30.84; 1937 30.76; 1938 31.03, this is the average commercial rate; 1940 26.87 and then coming down here

in 1944 to 22.74 cents. Now what I would like to ask you is, can you explain why the commercial load was not lost by the Gas Company in the years 1934 to 1938nwhen the price range, the average commercial price, ranged from 30.73 to 31.03 ?

A Because the people in commercial establishments had to shovel coal and the coal burning equipment was inefficient, and I very carefully have pointed out that we have now new and more efficient coal burning appliances.

Q So that your efficiency factors in arriving at the equivalent prices in commercial buildings depends upon the installation of new - -

A Equipment.

Q Coal burning equipment ?

A That is right.

Q Throughout the city ?

A That is right.

Q And I might point out to you that during that period, and I am looking at Schedule No. 1 to Exhibit 135 which was the statement of the Alberta Petroleum Association, I am not sure that it is Appendix 1, just a moment, it is Schedule No. 1, "Percent", well never mind that, I will leave that.

Now then the slack coal is not suitable for commercial purposes ?

A The School Board mixes it with stoker coal and the School Board might be classed as a commercial customer.

Q Are those coal burning appliances which you refer to, are they the appliances referred to in this Canadian Mining and Metallurgical Bulletin you referred to yesterday ?

A Not for commercial. They are not in that bulletin. That is for domestic. That is all that bulletin was.

Q What furnaces are you referring to ?

A Well one is the Anthratube and the other is a stoker such as the Iron Fireman, which is in common use in hundreds of installations.

(Go to Page 5844)

Q The Iron Fireman has been on tho market for many many years ?

A Yes, it has, but not in the smaller sizes and with the assurance of operation and so on, the experience in controlling heat in buildings.

Q In small buildings ?

A In buildings. There are two factors, burning coal and keeping the building at a proper temperature. And we have had iron firemen for many years, but they have improved the Iron Fireman installation with control of draft so that today it is perfectly efficient in a building such as an office building and including the cost of installation, return on investment, it is cheaper now to burn coal in buildings in Calgary with installations of that type.

Q What would the installation cost in a building for instance like the Canada Life Building ?

A To make it complete stack control and all about $1,000.00.

Q And in a small block such as the Trusts and Guarantee Company building, how much would it cost to install there ?

A I think I should just leave it at $1,000.00.

Q $1,000.00 anywhere you put it in ?

A I would rather do that. The cost of the equipment alone is about $675.00, but I think when putting it in I would prefer to spend a little more money and make a real good job. Therefore the size of the building has not much to do with it.

Q The Iron Fireman was in common use in cities not served by natural gas fifteen years ago ?

A There was an Iron Fireman fifteen years ago. I just endeavoured to explain there had been improvements in the control of drafts and control of burning in this equipment in the last few years that make now a very efficient method of burning coal.

Q What has been the increase in the Iron Fireman ?

A Mainly in the draft. The relation between the draft through and the control of the amount of cold air that is going through the fire box. That is one of the principal improvements and it is on all of this equipment it applies if you can control your draft.

Q Then take it by and large your equivalent cost here would depend upon all these commercial customers installing it at a cost of $1,000.00 ?

A That is right.

Q All right. You were mentioning the furnace referred to in the Canadian Mining and Metallurgical Bulletin yesterday that you suggest would be adopted in houses ?

A That is for domestic.

Q And as I understand your evidence you did not suggest for a moment that domestic consumers are going to turn to coal in this city ?

A It depends upon what price you are going to set for gas.

Q No matter what price this new furnace is ?

A If you are going up to 50 cents, but the only thing I have said about an increase is that the quantity burned is related directly to the price and if you go back to the 1939 price you will still burn no more gas in my house or your house than you burned in 1939.

Q But you are not suggesting that there would be a conversion to coal because of this new type of furnace ?

A No.

Q Which is for the burning of bituminous coal ?

A It is for the burning of like Drumheller coal.

Q Is it not a bituminous coal furnace ?

A That is Drumheller coal.

Q Oh Drumheller is bituminous. I do not think there is any more then.

CROSS-EXAMINED BY MR. McDONALD:

Q Just one more question if I might. As I understand it Mr. Davies, you are in favour of retaining for the Gas Company load as much of the industrial consumption as possible ?

A I would very much favour the retaining of as large a volume as it is possible in order to assist in carrying this financial load.

Q That would also apply to the Ammonia Plant ?

A That would also apply to the Ammonia Plant.

Q About 25%. Well now there is an overall advantage to all consumers, to all of the domestic consumers in having the Ammonia Plant in the load on the system ?

A Provided we do not have to put up money to carry it. May I say something here, Mr. McDonald. I have worked on these rates a long time. Where we have a new industrial customer who says he could do business provided he can get such and such a rate, I have always been able to persuade the City Council that so long as it does not cost the domestic consumers anything that he should have that low rate. Now we come to the Ammonia Plant. I would be quite prepared to recommend to the Calgary City Council that the Ammonia Plant be kept on so long as it did not cost the domestic consumers any money; that they were not bonusing an industry in this area indirectly. If they are going to do it by bonus it should be a direct affair, not an indirect affair.

Q Well if the total cost of handling the gas from the well head

to the domestic consumer are fixed shall we say or more or less static, then the Ammonia Plant....

A Did not cost us any more.

Q Did not cost you any more, then the introduction of the money you receive from the Ammonia Plant would in fact be a bonus to the domestic consumer ?

A It helps to carry the domestic consumers load.

Q So that there is some advantage to the domestic consumer in having this large industrial load ?

A Mr. McDonald, I cannot possibly express too strongly both my own feeling and those that I come in contact with in the City Council, their desire to keep the industrial load on for this City.

MR. CHAMBERS: As long as it does not cost the domestic consumers ?

A Why should it ?

MR. CHAMBERS: I am just asking.

Q MR. McDONALD: There is only one other point, when we come to the point where coal and gas are strictly competitive as you suggest they are in some industrial items. Do you suggest in order to retain that industrial load that the rate should be fixed for the industrial at such a price that that price will only cover the transportation charges of that gas from the well head to that industry and in effect means the producer is giving the gas away. Do you suggest we go that far ?

A I would suggest the same answer I gave about the Ammonia Plant that both to the advantage to the producer in the Valley and of the consumer in Calgary to keep those industries on the line.

Q Well the aspect of it I was thinking of was that by retaining that type of load you are preventing the coal industry to have the market. At the same time you are asking one industry to give away something.

A The point is this simply Mr. McDonald. I know the coal people are going to come into the market and get some of this business and they are making plans and getting themselves in the financial position where they can lower prices to wholesale customers. Now if the Gas Company loses large industrial consumers, to my mind fixed charges remain relatively constant, the only change is in the quantity of gas purchased and it is not one of the large factors of expense.

Q Well let us carry that on.

A Therefore - let me finish my slow way of thinking. I have to take time to think these things out Mr. McDonald. Therefore, it is to the advantage of the consumers to lower the rate of gas even although there was no charge for instance to gas going to the Ammonia Plant as long as it did not cost the actual consumer. They were not bonusing. It is to their advantage to have those additional units passing through the scrubbing plant and so on to help carry the load. It is to their advantage to have it on the line rather than lose it to coal.

Q And do I understand it this way. Do you mean this. That if there is some advantage, well to illustrate, if the price or if the rate to domestic consumers is 30 cents without the Ammonia Plant load fixed charges remain constant, adding the Ammonia Plant load means a saving in fixed charges to the whole scheme of say three cents on the domestic consumer and it could be reduced by that amount by the advantage of having

the Ammonia Plant load, would you say it fair that that three cents should be allocated not to the consumer who has done nothing to bring in this load but to the producer who has made available the gas to satisfy both customers ?

A Mr. McDonald, I would like to answer your question by turning it around a bit. Starting at present prices, 25 cents is what we have to face right now. That is the present price and the present Ammonia Plant we will deal with the facts as they are. There is a contribution of about 1.8 cents (1.6 cents) $54,000.00 ($48,000.00) a year to the Gas Company. I am dealing with straight recorded facts here. Now the Gas Company has certain expenses in connection with the Ammonia Plant. Provided those expenses were paid, provided those expenses were paid to the Gas Company and I am leaving it to them to decide what their expenses are, I do not think the domestic consumers are going to ask that that $54,000.00 ($48,000.00) a year should be $100,000.00, and I think they would be willing to go down to the point where it was just the plain expense whatever that may be. It may be $54,000.00 ($48,000.00) for all I know.

Q Even though it meant that the producer of the gas was donating the gas to the Ammonia plant, giving it to them for nothing ?

A Are they giving it to them for nothing ?

Q Would you carry it that far ?

A I think that is a hypothetical question. Are the producers in fact donating the gas to the Ammonia Plant ?

Q They might be, I do not know.

A Well I do not think they are.

MRE FENERTY: The confusion arose as to whether my friend is talking about the system on an absorption plant. You cannot possibly say there is any donating if they get 20% of the returns.

Q MR. McDONALD: Then we will go into this. Have you given any consideration to the fact of whether the 1.6 cents, Ithink it is, that is paid by the Ammonia Plant to the Gas Company, is or is not a fair rate?

A I think that is right, it is 1.6 cents. It is 5.4 and 1.6, 7 cents. I think I said 1.8 cents. Would you correct that? That is 50 times 1.6 times 3, that is $48,000.00 a year and not fifty-four thousand Will you ask your question again, Mr. McDonald?

Q Have you given any consideration to whether that is a fair charge?

A That is something that I am not sure of. I am not sure that it is. I am not sure that it is one way or the other, and I do not think that I would like to say that we have investigated that fully, no.

.....

CROSS-EXAMINATION BY MR. CHAMBERS

Q There is one question I would like to ask Mr.Davies. You said, as I understand it, that from 70 to 80 barrels per day of gasoline was taken out of the gas lines by the Gas Company prior to the installation of the absorption plant, is that right?

A When I said gasoline it might be fluid. Better include water in that. It is Mr. Slipper's evidence in the Hearing of 1931.

Q You do not know if the 70 barrels or 80 barrels that were taken out, whether they were water or gasoline or part water and part gasoline, 50-50?

A It was some water, but predominantly gasoline. I know it was predominantly gasoline. I also know that we do get some

water out of the gas.

Q And your basis for that statement is the evidence of Mr. Slipper before.....

A Before the Board of Public Utility Commissioners in the year 1931. I think you will find that in the record.

THE CHAIRMAN: Any further cross-examination?

Q MR. HARVIE: Just on that, Mr. Davies, was that 70 or 80 barrels taken out of the Gas Company's lines?

A The Gas Company.

Q After the scrubber?

A After the scrubbers, yes.

Q MR. CHAMBERS: Every day or just occasionally?

A I cannot tell you that. This question then came up as to this operation, the very same question came up at that time as to whether it was dangerous to use the gas and this was the evidence that was given and we were using the gas.

.....

EXAMINED BY THE CHAIRMAN

Q I suppose it would be fair to say 10 years ago coal was cheaper than it is today?

A Yes.

Q And we know quite definitely that gas was much dearer 10 years ago than it is today?

A That is right.

Q Your evidence suggests that for the industrial rate the price of gas and coal are now very competitive?

A That is right.

Q How is it that that gas, expensive gas 10 years ago, was able to displace cheap coal, 10 years ago?

A Well it is almost entirely in more efficient coal-burning

equipment.

Q Mr. Davies, the Board has some very definite directions from the Legislature under The Natural Gas Utilities Act. It is told to see that certain things are done. Many of those things have been done and they cost money. The Board is told to fix just and reasonable prices at the well head, for scrubbing, and finally a just and reasonable price to the City of Calgary. Having considered all of those matters then, if I find that I must fix a price which, for the industrial load is higher than it is today, am I to say to the Legislature "I won't do it because some of the industrial load in Calgary will be lost to coal." Should I do that?

A Mr. Chairman, the starting point is the sale of gas to the consumer, whether it be domestic, commercial or industrial, and it is the amount of money that you have in your hand to pay all those charges all the way back to the wellhead. I do not think it is possible whether the Legislature thinks so or not, to set a price at the well head of 5 cents a thousand and add it on to that and then say to the consumer, "You pay so and so".

Q In other words, you are suggesting that I just go back to the Legislature and say.....

A This is the sensible thing to do.

Q ....."It was a very silly Act you passed and I am not going to carry out your Order." Is that not in effect what you just said?

A I do not think a diplomatic chairman such as you would just exactly say that. I think you would say to the Legislature "Sirs, the effect of this Order or this legislation, would be such and such, and I suggest you do such and such," and

no doubt it would be done, sir.

Q I still cannot understand why everything in the wide world has gone up in price in the last few years, and you are all telling me "You must not put up the price of gas one cent. The consequences are going to be dreadful." Why the sacred quality of gas? It can go down but it must never go up.

A I shall be appearing before you, no doubt, at a hearing we will say, three years from now, before this or another Board and at that time I want to be able to look back on this evidence I have given today and say.....

Q I told you so?

A No. Those were the facts in 1946 and they are still the facts today. All I am trying to do is to take the facts as I know them and put them before you in as clear a way as I know how to, in order that they may be of some assistance to you in the very difficult task you have to perform.

Q I am going to consider them, but I want to know why the price of everything else might go up but oh, keep your hands off natural gas. You must not put that up. Put it down if you like, but you must not put it up. Why does gas have that odour of sanctity, shall we say?

A It is not a question of sanctity at all. I do not think it is politics either. It is a question that a very large now well-established coal industry sits here and says "Now we have the opportunity. We are in a financial position to enter into the industrial and commercial markets in this territory and we propose to do so. We propose to hire highly-trained skilled men and we propose to put on a selling campaign equal to the selling campaign put on by the Gas Company from the year 1928 to the present." And there is the answer to it. I do not think it is possible to say that

it is not the right of the coal industry to sell coal in the City of Calgary if they are able to do so, and we just lose that market. If we lose that market, then Sir, you have another problem on your hands. If you raise gas prices knowing you lose so much, fine. There will be no question it can be done. Then you have the question of charges.

Q Well Adam Smith and Jeremy Bentham and John Stuart Mill have said that free competition is the only proper basis on which you can build a proper economic society.

A I think that is right. We have it right here.

Q Well, Mr. Davies, you still have not told me about the gas. I have in mind the man who will gladly spend 25 cents for a quart of ginger ale, that has no food value at all, and kick like the very dickens when you ask him to pay 12 cents for a good quart of milk.

A I think there is a lot of that.

Q It seems to me to be where we are getting. Well that is all, thank you, Mr. Davies.

MR. FENERTY: I think the Board perhaps does not appreciate and some of my friends do not fully appreciate that we are trying to save them as well as ourselves from the economic consequence of the loss of markets. We are quite serious about it. We feel the only way they can do that is that they sell it for less.

THE CHAIRMAN: I am not critical at all, Mr. Fenerty, but I want a little light.

MR.CHAMBERS: After all it is quite usual that a purchaser does not admit that the price should be increased.

MR. FENERTY: I do not want to go to the Bible. What profiteth it a man..... It does not do any good to raise the price if you lose your market.

THE CHAIRMAN: Is there any further evidence?

MR. CHAMBERS: You remember I spoke to Mr. Brownie when he was in the box about the Nitrogen contract and my friend, Mr.Steer, said he would get the details of the renewal. He has written me a letter and with the consent of all parties, rather than to make it an exhibit, I will read it into the record. It is a letter from Mr.George H.Steer to myself, and it is dated March 4th, 1946.

" Re: Alberta Nitrogen-Canadian Western Contract.

The facts in connection with the present standing of this contract are that on April 25th, 1944, the Canadian Western gave notice of termination of the contract to take effect August 1st, 1944. Mr. Blaylock on behalf of the Alberta Nitrogen requested proposals for the continuance of the contract. Correspondence ensued with the result that the contract was extended for a period of three months from August 1st, 1944, and upon the expiration of that period of three months the Canadian Western Company supplied the Alberta Nitrogan gas, as it is now doing on a day to day basis, pending the result of the hearing before the Natural Gas Utilities Board and any subsequent adjustment of Calgary rates. In the correspondence between the Canadian Western and the Alberta Nitrogen Company, it was made quite clear that the Alberta Nitrogen supply of gas would be at some industrial rate approved by the Board of Public Utility Commissioners."

That brings us up to date on that.

MR.HARVIE: Just on that. There are two points on which I wish to have clarified. When you say it is from

day to day during that period is it on the same basis as it was previously supplied, or on a basis which will be made retroactive by this Board when some rate is set?

MR. STEER: It is supplied under the terms of the original contract on a day to day basis.

MR. CHAMBERS: Sir, I have certain documents that I would like to tender. They are certified by the Registrar of Companies under his seal and they are the annual reports of The Canadian Western Natural Gas, Light, Heat & Power Company Limited, for each of the years ending December 31st, 1938, 1939, 1940, 1941, 1942, 1943, and 1944. I would like to tender those as one exhibit.

MR. STEER: Those matters, Mr. Chairman, in my submission, are sub - judice. They have been asked for and an Order has been made, and the Order is under appeal. I submit that they ought not to be received.

MR. CHAMBERS: I did not ask for these. I got them from the public records, and I am submitting them on the matter of the return earned by a utility in this area.

THE CHAIRMAN: Strictly speaking, they are receivable in evidence but I do not think when the matter is under appeal to the Supreme Court of Canada, that I should admit them on the record at the present time.

MR. CHAMBERS: I am tendering them, Sir, for another purpose than Mr. Steer was asked for them through another party to this Hearing. I say these documents are matters of public record, and I want to lay them before this Board. Primarily and mainly my object is to establish what another gas utility in this area has, in fact, earned. I submit they come squarely within the remarks of Mr. Justice Lamont, in that Northwest Utilities case in 1929.

THE CHAIRMAN: Is that not more or less what Mr. McDonald asked for them for?

MR. CHAMBERS: I do not know.

THE CHAIRMAN: To find out what the Gas Company earned in order that that factor might be used in determining the price? That is my understanding of his application. I held that was relevant. It went to appeal. I do not think I should allow you to do something that I could not allow Mr. McDonald to do at the present time.

(Go to page 5858).

MR. CHAMBERS: I submit, Sir, that aside from anything else, aside from the fact that somebody was asked to do or ordered to do something, I am now applying to put in a document that is on the public records of this Province, and I am asking to have these documents filed.

THE CHAIRMAN: At the moment I am not prepared to admit them and if I did I would not look at them although I have copies of them in my own office.

MR.BLANCHARD: Do I understand you are going to give further consideration to the application of my learned friend?

THE CHAIRMAN: The one made by Mr.Chambers now?

MR.BLANCHARD: Yes.

THE CHAIRMAN: I am not prepared at the moment to admit these as evidence .

MR.BLANCHARD: But you will hear further argument on it?

THE CHAIRMAN: Oh yes, at any time.

Any further evidence this morning?

MR. McDONALD: I would like to have an adjournment, Mr. Chairman, in order to decide whether to put Mr. Langston in the box or not, although I think his evidence has already been covered in considerable detail.

THE CHAIRMAN: All right, we will adjourn until a quarter past eleven.

(A short adjournment was hereto taken).

(After the adjournment).

THE CHAIRMAN: Yes, M . McDonald.

MR. McDONALD: The point, Mr.Chairman, that Mr. Langston was going to cover, has been covered sufficiently and I am not going to call him.

THE CHAIRMAN: That means then there is no further evidence this morning, you have nothing more, Mr. Chambers?

MR. CHAMBERS: No sir.

THE CHAIRMAN:: And you will be ready to start with your absorption plant then on the 12th of March?

MR. CHAMBERS: Yes.

THE CHAIRMAN: How long do you think that will take?

MR. CHAMBERS: I do not know.

THE CHAIRMAN: Think it out and then multiply it by two and that may be about right.

MR. CHAMBERS: The time factor probably will be largely beyond my control. I could gauge maybe the examination in chief.

THE CHAIRMAN: It will take you three days, will it?

MR. CHAMBERS: I would think so.

THE CHAIRMAN: All right, then, Mr. Steer and Mr. Fenerty, what about the following week?

MR. FENERTY: Well.....

MR. STEER: We are free the 18th, the 19th and 20th, if necessary, Sir. It would, I think, be preferable for both of us if we had Wednesday free, but if that is not convenient it does not matter.

THE CHAIRMAN: I can quite appreciate that, and in order to accomplish that we could sit the longer hours on Tuesday so as to leave you free on the Wednesday.

All right, we will adjourn until the 12th of March, at 9.30 in the morning, and I would like to have Counsel meet me right here in the Court Room just to find out when the gas phase of the hearing is going to be finished, subject, of course, Mr. Steer, to your appeal to the Supreme Court of Canada.

MR.BLANCHARD: I have been informed that the G. & O.P. propose to submit their rate base for the gathering lines, and if that is so, I suppose if that ready for next Monday possibly you would like to hear that before you go into the absorption plant.

THE CHAIRMAN: Yes, although I doubt very much if it is going to be ready. Then we meet on Tuesday of next week.

MR. CHAMBERS: Yes, but, Mr.Chairman, I have one witness for next week from out of town and I would not want the evidence of the G. & O.P. to entail his remaining over for another week.

THE CHAIRMAN: No,

MR.CHAMBERS. But he will not be available until Thursday morning.

THE CHAIRMAN: That will probably mean an all day sitting then on Thursday.

MR. CHAMBERS: It probably would.

MR. FENERTY: Is there any possibility of a pronouncement as to the last week of March?

THE CHAIRMAN: I do not think that will be possible, Mr.Fenerty, to say until possibly the 18th. I know what you have in mind and we will see what can be done.

MR. FENERTY: Can we put it this way, can we count on a normal stting for that week, that is the three days?

THE CHAIRMAN: That is just what I do not know yet, Mr. Fenerty.

MR. FENERTY. I mean no more than an ordinary sitting.

THE CHAIRMAN: Then Mr. Blanchard starts with his Barr case again on the 1st of April.

MR. FENERTY: What I meant by that was not necessarily three days, but if there was material available to go on with that week, can we count on it not being any more than a three-day hearing? I have no doubt, Mr. Blanchard might want two or three days at the end of the week.

THE CHAIRMAN: I do not think it will be more than a three-day hearing, Mr. Fenerty. I would like to sit every day but it becomes a physical impossibility to do that, and do other things.

How long will the Barrs case take, Mr. Blanchard, two weeks?

MR. BLANCHARD: I think two weeks. It took two weeks the last time and I do not imagine it will be any shorter than that.

THE CHAIRMAN: Then for those of you who will not be engaged in the Barrs case, I suggest that the two weeks in April would be a very convenient time within which you could prepare your arguments, because I do not want an adjournment for a month for Counsel to prepare their arguments, where we are going to have a long delay now with the Barrs case and then another delay with the Supreme Court of Canada, and then perhaps three or four days of evidence, and then another month's delay for argument, so I suggest these little interruptions in the Hearing can be used for preparing your arguments.

MR.HARVIE: May we take it then, that we will not be sitting for the first two weeks in April?

THE CHAIRMAN: Quite definitely, Mr. Harvie.

(The Hearing was here adjourned, to be resumed at 9.30 A.M. March 12th, 1946).